

March 16, 2007

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Ms. Teresa Swan
Senior Planner
City of Kirkland
123 5th Avenue
Kirkland, WA 98033

Re: Lake Washington School District School Impact Fees

Dear Ms. Swan:

On behalf of the Lake Washington School District No. 414 (the "District"), the following responds to the City of Kirkland's ("Kirkland") request for information related to the District's Capital Facilities Plan and impact fee calculations. Specifically, the District responds with information pursuant to the questions presented in your email dated November 16, 2006, and your letter dated March 12, 2007. For ease of reference, your questions are repeated in the text below.

1. Existing and estimated future student population in Kirkland through 2012:

As a preliminary matter, please note that the District does not segregate students based upon their home addresses. In other words, the District does not follow a template whereby all Kirkland students and only Kirkland students attend schools located in Kirkland.

Rather, students throughout the District attend District schools based upon logically assigned service areas. For example, there are students that reside in the City of Redmond that attend Mark Twain Elementary, located within the City of Kirkland, and there are City of Kirkland students that attend Redmond Elementary, located in the City of Redmond. The District identifies (and, from time-to-time, modifies) service areas based upon factors that include, but are not limited to, recognizing established neighborhood groups, balancing resources and capacity across the District, allocating special programs throughout the District in an equitable manner, managing the need for classroom additions and/or portable siting, and coordinating transportation routes. As population and enrollment shifts within the District, changes in attendance areas may become necessary. A map of the location of each District school can be found at <http://www.metrokc.gov/elections/gis/maps/schools/sch414.pdf>.

As such, it is difficult to isolate Kirkland students from all students in the District. Nonetheless, the data below attempts to provide data in response to the capacity needs related to Kirkland-resident students.

- **Existing student population in Kirkland:**

Currently, 4,011 Kirkland-residents attend District schools that have Kirkland addresses. These schools include 10 elementary schools, 3 junior high schools, and three high schools (including BEST alternative school). In addition, 729 Kirkland-residents attend District schools located outside of Kirkland. These schools include 12 elementary schools, 7 junior high schools, and 2 high schools.¹ The total 4,740 Kirkland-residents in District schools represents 20.5% of the total District student population of 23,173 students.²

- **Projected 2012 student population in Kirkland:**

In large part, the District's projections of Kirkland-resident students in District schools through 2012 is speculative. The District relies on known development data and student progression history to calculate population projections on a District-wide basis. First, the District applies the cohort survival/historical enrollment figures to determine the base enrollment. In simple terms, this step moves the existing student population forward from year-to-year and adds kindergarten enrollment based upon live birth data. Then, as a second step, the District adds the students anticipated from new development (based upon known approved development located within the District during the projection period) to modify the cohort projection. Specifically, the District receives development notices from each jurisdiction located within the District's service area (King County, Kirkland, Redmond, Sammamish) through the State Environmental Policy Act review process. The District then contacts each developer to determine when the homes in the proposed development are expected to be constructed and occupied. Using this information and the District's student generation rates, the District then projects, by year, the anticipated number of students from each development.³

Based upon this two-step process, the District projects that the total student population in the

¹ The 729 figure includes 15 high school students; thus, the majority of Kirkland-resident students attending schools outside of Kirkland are elementary (273) and junior high (441) school students.

² See page 11 and Table 1 in the 2006 Capital Facilities Plan. The 23,173 student enrollment figure represents the District's total enrollment for purposes of facilities utilization as of October 1, 2005. This figure is derived by taking the total headcount enrollment and counting ½ day kindergarten as .5. The same figure for October 1, 2006 (which will be used in the 2007 Capital Facilities Plan) is 23,040.

³ For example, if a developer of a project in Kirkland informs the District that the homes in his 20-lot subdivision will be ready for occupancy in 2010, the District will project that 11 new students (multiplying the student generation rate of 0.549 by the 20 new homes) will be present in the Kirkland area of the District in 2010.

District will grow from 23,173 students in 2005-06 school year (see page 11 and Table 1 in the 2006 Capital Facilities Plan) to 24,310 students in 2012. These figures indicate a 4.9% student population increase.

The District estimates that, by 2012, approximately 1,426 new students will be generated throughout the District from known and expected new development. Again, these projections are based on the development tracking in step 2 of the enrollment projection methodology described above. The District projects that 77 of the 1,426 new students from new development will be generated from new development in the City of Kirkland.

Notably, the 2012 enrollment projections do not account for the potential annexation by Kirkland of unincorporated areas of King County located within the District. An annexation event will result in additional Kirkland-resident students in the District. Furthermore, the District's projections do not consider any rezoning or other changes in land use that may occur in the future. Also, the projections do not account for development taking place through the short-plat process. (The District has chosen not to track developments under 10 dwelling units due to staff limitations. In addition, the jurisdictions do not typically provide regular notice or information to the District regarding in-fill projects.) This is significant given that there is substantial in-fill occurring in Kirkland. Finally, as neighborhoods mature and relatively less expensive homes are sold to younger owners with families, the District has experienced student population growth that is not necessarily related to new development.

In correspondence from Kirkland (Teresa Swan) dated March 12, 2007, Kirkland indicates that its total residential population will grow from 45,740 in 2005 to 50,256 by 2012. This is a 9.87% population growth. Kirkland also indicates that, through 2022, it will gain a net of 80 new single family dwelling units and 169 new multi-family dwelling units per year.⁴ Based upon these figures, and using the District's current student generation rates contained in the Capital Facilities Plan, the District can expect 44 new students from new single family homes in Kirkland and 21 new students from new multi-family homes in Kirkland in each year through 2022. This would result in 325 new Kirkland-resident students in the District between 2007 and 2012 and significantly exceeds the District's conservative estimate of 77 new students by 2012.

2. Existing space and future space needs in Kirkland through 2012:

- **Existing space serving Kirkland-residents students:**

Currently, Kirkland-residents use 4,740 student seats in District schools (4,011 in Kirkland and 729 outside of Kirkland). The District has a total permanent capacity of 22,749, and currently serves a student population of 23,173. The 2006 capacity additions at Rosa Parks

⁴ We understand that these figures exclude teardowns and replacements of existing units and do not include any development in potential annexation areas.

Elementary, Rose Hill Elementary, and Inglewood Junior High increased District capacity from 22,062 in 2005 to 22,749 in 2006 (see Table 5 in the 2006 Capital Facilities Plan). Notably, Rose Hill Elementary serves Kirkland-resident students. The permanent capacity number does not include portable capacity. As enrollment fluctuates, the District uses portable facilities to accommodate immediate needs and interim housing throughout the District.

The District currently has capacity to serve a total of 6,933 students in Kirkland schools. However, as explained above, it should be noted that, just as Kirkland-resident students do not attend only schools located in Kirkland, schools located in Kirkland do not serve only Kirkland-resident students. Rather, service area boundaries dictate what school a student attends. In some cases, a Kirkland-resident student may attend a school located near their home, but just outside of the City of Kirkland. At the present time, 7,207 District students attend Kirkland schools, with 4,011 of those students being Kirkland-residents (and an additional 729 Kirkland-resident students attending schools outside of Kirkland).

- **Future space needs to serve Kirkland-residents students:**

Currently, Kirkland schools are over capacity by 274 students (6,933 current student capacity and 7,207 current student population). Similarly, District-wide, schools are over capacity by 424 students (22,749 current student capacity and 23,173 current student population).

Capacity needs are most pronounced at elementary school levels. The District recently added additional capacity at several schools, including Rose Hill Elementary, which is located in Kirkland. Currently, the District has capacity to serve 10,948 elementary school students, with an enrollment of 12,567 elementary school students. This means that the District has a current elementary capacity deficiency of 1,619.

The District's Capital Facilities Plan includes several projects to address capacity needs throughout the District: a new elementary school on the Sammamish Plateau, a new elementary school in Redmond Ridge East, and capacity additions (as a result of modernization projects) at Frost, Muir, and Rush elementary schools. Notably, Frost, Muir and Rush elementary schools serve Kirkland-resident students even though these schools are located outside of Kirkland. Furthermore, the new elementary capacity at the planned Sammamish Plateau and Redmond Ridge East schools will indirectly benefit Kirkland-resident students by creating additional elementary school capacity throughout the District. That is, by building new capacity in one area of the District, the District can shift student populations at existing schools to ensure adequate capacity.

As an illustration of how this will benefit Kirkland-resident students, the following

elementary schools are located in Kirkland and currently have the following capacity demands:

Elementary School*	Current Capacity	Current Enrollment	Surplus/Deficiency
Bell	345	377	(32)
Discovery	69	66	3
Franklin	437	492	(55)
Juanita	391	374	17
Kirk	483	534	(51)
Lakeview	368	432	(64)
Rose Hill	276	373	(97)
Sandburg	460	537	(77)
Twain	483	545	(62)
TOTAL	3,312	3,730	(418)

*Totals do not include 39 students attending Community Elementary (located in Kirkland), which is housed in portable classrooms.

In other words, there is currently a deficiency equal to one elementary school in Kirkland. While the District does not currently plan to build a new elementary school in Kirkland, the new elementary school capacity that will be added in the District by 2012 will allow the District to shift elementary school enrollment throughout the system and alleviate capacity needs in Kirkland schools. This, in turn, will “open” new capacity in existing Kirkland schools to serve the students from new development in Kirkland.

3. Cost of the needed new facilities divided by the number of new Kirkland students calculation of the school impact fee:

As indicated above, capacity needs at the elementary school level are most pronounced. This is true in Kirkland and throughout the District. Because Kirkland elementary schools are currently overcapacity, any new elementary student entering the District from new development in Kirkland will impact capacity needs. Therefore, the relevant calculation is the cost per new dwelling unit for elementary capacity.

The District’s school impact fee calculation, included in Appendix B (single family) and Appendix C (multi-family) to the Capital Facilities Plan, identifies the relevant cost per dwelling unit for new elementary school capacity. The fee formula carefully considers the actual capital costs of needed new facilities and uses a student generation rate, which is the average number of students generated from each dwelling unit type, to determine a cost per dwelling unit. This cost is offset by credits for state match funds that the District will receive toward the facility construction and by the taxes that a new homeowner will pay toward a school construction bond. Using this formula, the cost per dwelling unit for new elementary school capacity in the District is \$2,975 per single family dwelling unit and \$307 per multi-family dwelling unit. The District requests that the City of Kirkland collect these fee amounts on behalf of the District.

Currently, King County and the City of Sammamish on behalf of the District fees in the amount of \$2,975 per single family dwelling unit and \$307 per multi-family dwelling unit. The City of Redmond collects fees of \$2,750 per single family dwelling unit and \$275 per multi-family dwelling unit.⁵

Please note that the District updates its Capital Facilities Plan, including the school impact fee calculations, on an annual basis and the fee per unit changes. If Kirkland adopts a school impact fee ordinance, the District would submit annual updates to the City for consideration.

4. Identify the number of projected school age children population through 2012 for Redmond, Sammamish and the portions of unincorporated King County that the District serves and compare the same with projections for the City of Kirkland:

Again, the District expects a total student population of 24,310 by 2012, with approximately 1,426 new students being generated throughout the District from new development. The following chart identifies the projected distribution of new students from new development:

	Projected Students from New Development through 2012	Percent of Total
City of Kirkland	77	5.4%
City of Redmond	88	6.2%
City of Sammamish	144	10.1%
Unincorporated King County	1,117	78.3%
Total District	1,426	--

Notably, these figures do not account for any potential annexation by a city of a portion of unincorporated King County. Such an event could dramatically affect the distribution of new students throughout the District. Furthermore, these figures do not consider rezoning activities, short plat or in-fill development, or other changes in land use that may occur in the future. As noted in Section 1 above, the actual number of new students from new development in Kirkland, based upon the City's own projections, could be significantly higher than the District's current estimates.

5. Address why the District should not be divided in to subareas for assessing and collecting school impact fees:

A subarea template would only work if the District's infrastructure were inflexible and wholly funded by a single jurisdiction. That is, if: (1) schools in one jurisdiction only served students residing in that jurisdiction; (2) students in that jurisdiction did not attend schools located outside of that jurisdiction; and (3) the taxpayers in one jurisdiction wholly funded

⁵ The City of Redmond fee amounts are based upon an internal City calculation that uses the District's fee as a base and then imposes a discretionary City discount.

the bonds and levies for the schools located in that jurisdiction. This is far from reality and would be inconsistent with serving the education needs of children within the District.

As discussed throughout this document, the District does not define components of the District by jurisdiction, but rather recognizes the District as a unified whole with logical service areas that may adjusted from time to time. The District assesses capacity throughout the system, as required by the Growth Management Act, to determine needs and related costs subject to impact fees. Furthermore, taxpayers *throughout* the District, regardless of the jurisdiction where their home is located, vote to approve or deny District bonds and levies and, when approved, equally fund (based upon property value) the bonds and levies. These dollars create a *uniform* school district. In the spirit of this uniformity, the District creates, and over time adjusts, logical service areas that further the District's educational program and ensure the equitable distribution of educational resources throughout the District.

In summary, while the anticipated student population growth in Kirkland, especially at the elementary school level, supports a school impact fee ordinance in Kirkland, it is not in the best interest of students residing in Kirkland or the District to base consideration of such an ordinance solely on statistics.

6. Would the following types of housing be excluded from impact fees: (1) senior housing and assisted living units with a covenant that runs with the property; (2) accessory dwelling units; and (3) studio apartments:

Pursuant to State law, local impact fee ordinances may provide exemptions for development activities "with broad public purposes" with the impact fees for such exempt activities being paid from other public funds. RCW 82.02.060(2). Typically, school impact fee ordinances exempt senior housing/assisted living units and accessory dwelling units from the payment of fees. See e.g., King County Code sec. 21A.43.070. Studio apartments are not typically exempt from the payment of fees.

Please note that the District's student generation rates for multi-family dwelling units include data for studio apartments. As such, the fee calculation and resulting fee amount reflect the fact that these types of dwelling units do not generate the same number of students as single family dwelling units.

7. What accounting measures does the District take to ensure that school impact fees are earmarked toward new capacity projects and not modernization projects or projects to correct existing deficiencies:

Pursuant to State law, impact fees can only be used for system improvements that will reasonably benefit new development. RCW 82.02.050(3). State law requires that impact fee receipts be earmarked and retained in segregated accounts, with the assessing jurisdiction required to annually prepare a report on each impact fee account showing the source and amount of all moneys collected, earned, or received and the system improvements that were

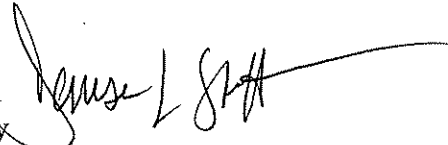
financed in whole or in part by impact fees. RCW 82.02.070(1). Importantly, expenditures must be tied to capacity projects included in the adopted capital facilities plan. RCW 82.02.070(2).

To implement a school impact fee ordinance, a local jurisdiction and the benefiting school district execute an interlocal agreement for the purposes of administering and distributing the authorized impact fees. A typical provision in such an interlocal agreement would be a requirement that the school district prepare the annual report required by RCW 82.02.070(1) and submit such report to the local jurisdiction by an agreed date. The District follows this practice currently for the impact fee programs in King County, the City of Redmond, and the City of Sammamish, and would expect to do the same for Kirkland.

Please let us know if you have any questions or need additional information. We look forward to continued collaboration with the City of Kirkland on this effort. Thank you.

Very truly yours,

KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP

By 
Denise L. Stiffarm

cc: Forrest Miller, Lake Washington School District
David Johnston, Livengood, Fitzgerald & Alskog, PLLC